

NATIONAL CREDIT UNION ADMINISTRATION

NCUA News

Lending outpaces strong share and asset growth in 2003

Credit union branches and shared branches added to data collection

Federally insured credit unions expanded their loan portfolios in 2003 outpacing strong share and asset growth for the first time in three years according to preliminary call report data submitted by the nation's 9,369 federally insured credit unions.

Following the normal annual lending cycle, 2003 began slowly with 2.16 percent loan growth in the first quarter and then surged in the last half of the year. Mortgage and auto loans continue to represent the largest loan categories, and tracking the economic market, home mortgage lending continues to yield the most significant increases.

"The end-of-year 2003 numbers show that the credit union industry's safety and soundness position remains extremely strong and well positioned for the year ahead," NCUA Chairman Dennis Dollar said in announcing the agency's end-of-year call report data. "Along with

the impressive savings and asset growth that we have seen over the past several years, the 2003 performance in lending, delinquency and overall net worth also provides an extremely positive report. These numbers bode well for 2004 and demonstrate that credit unions are building their member service performance on the strongest financial foundations."

The amount and percentage of growth reported in major balance sheet and income statement categories, and the key ratio changes that occurred from January through December 2003 follows:

- Assets increased 9.51 percent, from \$557.15 to \$610.10 billion;
- Loans increased 9.74 percent, from \$342.70 to \$376.08 billion;
- Share savings increased 9.10 percent, from \$484.21 to \$528.29 billion;
- Investments increased 14.68 percent, from \$140.21 to \$160.79 billion;



Washington, D.C., Feb. 24, 2004 — Chairman Dennis Dollar, House Financial Institutions Subcommittee Chairman Spencer Bachus (R-Ala.), Vice Chair JoAnn Johnson and Board Member Debbie Matz at the CUNA Governmental Affairs Conference.

March 2004 Number 2

HIGHLIGHTS

Dollar praises	
CU performance	2
Board actions	3
Conversations with	
America	4
GC opinion letters	4
Pullout: NCUA regional	
offices and directors	5-6
Johnson encourages CUs	
to be visionaries	7
Matz unveils PALS Best	
Practices website	8
About investments	9
\$1 million available for	
"TAG" grants	10

- Net worth increased 9.56 percent, from \$59.70 to \$65.41 billion;
- Net worth to total asset ratio increased from 10.71 to 10.72 percent;
- Loan to share ratio increased from 70.78 to 71.19 percent; and the
- Delinquency ratio declined from 0.79 to 0.77 percent.

Every category of share savings grew across the board during 2003. Regular shares, the largest share category, grew 11.5 percent to \$191.94 billion, and share drafts grew 12.8 percent to \$65.37 billion. Share certificates grew 0.4 percent to \$118.68 billion, while money market shares grew 15.0 percent to \$99.28 billion. IRA/KEOGH accounts grew 7.0 percent to \$45.89 billion.

Reflecting the lending markets' low interest rates, first mortgage loans continued to surge and used auto loans grew at

continued on page 9

NCUA Board addresses CUNA governmental affairs conference

Chairman Dollar praises strong CU performance, touts risk-based capital system for CUs

In remarks delivered to over 3,200 attendees at the CUNA Governmental Affairs conference in Washington, D.C., February 22, Chairman Dennis Dollar unveiled the 2003 year-end financial statistics for federal credit unions and discussed the need for a risk-based capital system for credit unions.

Citing solid growth in assets, loans and shares in 2003, Chairman Dollar extolled the strong performance of credit unions in once again delivering such impressive results. In particular, he emphasized the 9.56 percent increase in total net worth over the previous year and saluted credit unions for achieving a 9.51 percent increase in total asset growth. Dollar noted the decline in the already low loan delinquency ratio, down from 0.79 in 2002 to 0.77 percent in 2003, and he thanked credit unions for making sound risk management decisions while maintaining their longstanding commitment to member service.

Dollar also discussed the importance of a risk based capital system for credit unions, which would enable NCUA to more effectively monitor and measure risk on a credit union's balance sheet before statutorily mandated prompt corrective action (PCA) is required. Dollar stated that only through a risk-based capital system can the "true profile of a credit union be brought into the supervisory decision making process that NCUA was designed to make more effective."

Dollar pointed out that the adoption of a risk-based capital system would require a statutory change and must be incorporated into a meaningful reform of

the "one size fits all" PCA statute that credit unions and the NCUA presently operate under.

Commenting that the agency has been engaged in ongoing discussions with congressional staff regarding risk-based capital standards for credit unions, which have been included in recent legislation introduced in Congress, Dollar stated, "Risk-based capital is an idea whose time is coming for credit unions, both natural person and cooperates. It is necessary for PCA to be effective as it was intended. And it is sound public policy."

NATIONAL CREDIT UNION ADMINISTRATION **NCUA News**

NCUA News is published by the National Credit Union Administration, the federal agency which supervises and insures credit unions.

Dennis Dollar, Chairman
JoAnn Johnson, Vice Chair
Deborah Matz, Board Member

Information about NCUA and its services may be secured by contacting the Office of Public and Congressional Affairs, at 703-518-6330. The weekly Treasury-bill rates are available by calling 800-755-1030 or 703-518-6339.

Clifford Northup, *Director,*
Office of Public and Congressional Affairs
Cherie Umbel, *Editor*
Barbara Walker, *Graphics*

National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314-3428



Washington, D. C., Feb. 23, 2004 — Chairman Dennis Dollar addresses the CUNA Government Affairs Conference.

Board actions
February 19, 2004

Revised conversion rule requires additional disclosure

The NCUA Board approved a revision to Part 708a, Conversion of Insured Credit Unions to Mutual Savings Banks, to ensure a converting credit union discloses adequate information to its members.

When notifying members of intent to convert, the credit union must disclose any economic benefit a director or senior management official may receive in connection with the conversion. The disclosure must also include how conversion to a mutual savings bank will affect members' voting rights and how subsequent conversion to a stock institution may affect ownership interests.

This amendment serves to provide members with additional information to make informed decisions about a conversion without increasing regulatory burden, and it also clarifies what NCUA expects to be included in the notice to members.

Final rule adds borrowing limit waiver and surety/guarantor authority

The NCUA issued final rules §701.2 and §741.2 permitting federally insured, state-chartered credit unions (FISCUs) to apply for a waiver from the maximum borrowing limit of 50 percent of paid-in and unimpaired capital and surplus. The rule change provides FISCUs more flexibility by allowing them to apply for a waiver up to the amount permitted under state law. For federal credit unions (FCUs) however, the 50 percent borrowing limit is statutory and therefore a waiver is not possible.

The final rule change also allows a FCU to act as a surety or guarantor on behalf of its members. The rule establishes certain requirements to ensure that FCUs and FISCUs permitted under state law to

act as a surety or guarantor are not exposed to undue risk.

Simplified share insurance rule retains parity with FDIC

The NCUA Board adopted, with a 60-day comment period, an interim final insurance rule change to Part 745 simplifying coverage and maintaining parity with recent deposit insurance changes adopted by the Federal Deposit Insurance Corporation.

The interim rule eliminates language that limits insurance coverage where the interest of the beneficiary is subject to a defeating contingency in a living trust agreement. As amended, share insurance coverage of up to \$100,000 is provided for each qualifying beneficiary who would become the owner of assets in the living trust upon death of the account owner.

Effective April 1, 2004, the interim final rule achieves two objectives. It simplifies the existing rule and provides consistency in how insurance coverage is determined for all types of revocable trust accounts. As amended, both living trust accounts and "payable on death" accounts will have insurance coverage calculated in the same fashion. In both cases, coverage is based on the interest of the benefi-

ciaries who will receive the account funds upon death of the owner, determined at the date of the credit union's failure, regardless of any contingencies or conditions affecting those interests. The only exception is when the interest of one beneficiary is contingent upon the death of another beneficiary. Even with this amendment, such a contingency will operate to defeat separate insurance coverage.

The amendment provides credit unions and their members with a better understanding of share insurance coverage rules, and it helps eliminate the present confusion surrounding living trust account coverage. The amendment also reduces the recordkeeping burden on credit unions by eliminating the requirement credit unions maintain a copy of the living trust agreement within its records.

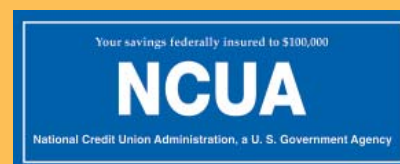
Community charter conversion

The NCUA Board approved, by a two to one vote, the request of Tennessee Valley Federal Credit Union in Chattanooga, Tenn., to convert from a multiple-group to a community-based field of membership to serve the people who live, work, worship, volunteer, or attend school, and businesses and other legal entities located in the Tennessee counties of Bledsoe, Bradley, Grundy, Hamilton, Marion, McMinn, Meigs, Polk, Rhea or Sequatchie and the Georgia counties of Walker, Catoosa or Dade.

Votes are unanimous unless otherwise noted



Access the NCUA website at
www.ncua.gov





Who and What: Chairman Dennis Dolar will address the Annual Membership meeting of Three Rivers Federal Credit Union.

When: 6:30 p.m., Thursday, March 25, 2004

Where: Allen County War Memorial Coliseum, Fort Wayne, Ind.

Why: To discuss credit unions and national policymaking issues. Participant feedback will be considered and solicited on NCUA initiatives and policies. Q & A with participants is scheduled.

Contact: Nicholas Owens at 703-518-6336, or nowens@ncua.gov.

Who and What: Board Member Deborah Matz will address the Metropolitan Area Credit Union Management Association.

When: Monday, April 12, 2004

Where: Key Bridge Marriott, Arlington, Va.

Why: Board Member Matz will explore ways to reach out to everyone in a diverse field of membership.

Contact: Patty Jenkins at 703-518-6318, or pjenkins@ncua.gov.

Who and What: Board Member Deborah Matz will address the Alabama Credit Union League 71st Annual Membership Meeting.

When: Friday, April 16, 2004

Where: Sandestin Resort, Sandestin, Fla.

Why: Board Member Matz will share best practices of credit unions offering financial literacy programs, Latino outreach, member business lending, and other initiatives to each new members.

Contact: Patty Jenkins at 703-518-6318, or pjenkins@ncua.gov.

Who and What: Vice Chair JoAnn Johnson will address the European Credit Union Council.

When: Friday, Apr. 23, 2004

Where: Zurich, Switzerland

Why: Vice Chair Johnson will provide an update on current issues and share her insight into the future direction of NCUA.

Contact: Heather Graham at 703 518-6309, or hgraham@ncua.gov.

Who and What: Board Member Deborah Matz will address the Hawaii Credit Union League 66th Annual Convention.

When: Friday, April 30, 2004

Where: Hilton Waikoloa, Island of Hawaii

Why: Board Member Matz will speak at the league's Government Affairs Forum to discuss the current regulatory environment and share the latest ideas to help credit unions grow.

Contact: Patty Jenkins at 703-518-6318, or pjenkins@ncua.gov.

GC opinion letters

The NCUA General Counsel's Office issues opinion letters interpreting agency regulations and policies in response to questions submitted. Summaries of a few recent opinion letters follow. To secure the letters mentioned, contact

NCUA's Office of Public & Congressional Affairs, 1775 Duke Street, Alexandria, Va. 22314-3428; or access all GC opinion

letters on the NCUA website http://www.ncua.gov/ref/opinion_letters/opinion_letters.html

04-0147 — Preemption of the New Mexico Home Loan Protection Act — The *Federal Credit Union Act* preempts the *New Mexico Home Loan Protection Act*, which addresses predatory lending practices by creditors making consumer mortgage loans, because the New Mexico

statute purports to limit or affect the rates, terms of repayment and other conditions of loans and lines of credit that FCUs may offer their members.

03-1039 — Debt cancellation agreements — An FCU may offer debt cancellation agreements to members as an exercise of its incidental powers without obtaining a state insurance license. An FCU that offers debt cancellation agreements to its members is not engaging in the business of insurance. The *Federal Credit Union Act* expressly empowers federal credit unions to make loans and extend lines of credit. Debt cancellation and debt suspension agreements are loan-related products that protect a FCU against credit-related risks and are pre-approved for FCUs as an incidental power.

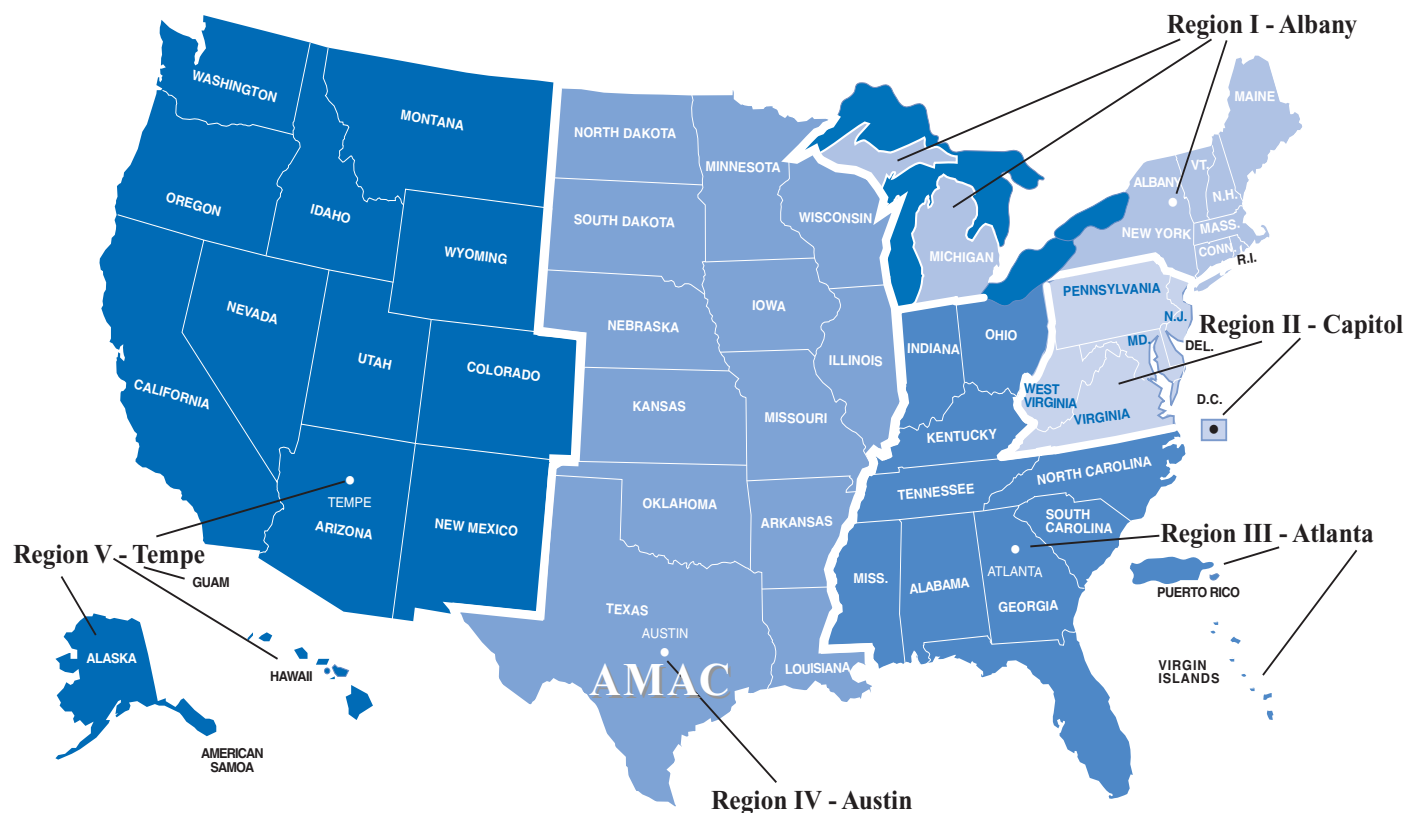
03-1106 — *New Jersey Homeownership Security Act of 2002* — The *Federal Credit Union Act* preempts this state law

addressing predatory lending practices in consumer mortgage loans that purports to limit or affect the rates, terms and other conditions of loans and lines of credit that FCUs may offer to members. NCUA's long-standing position is that state laws affecting rates, repayment terms or lending conditions are preempted.

03-1147 — Prepayment penalties and settlement fee waivers — An FCU may recoup settlement fees it has waived if the borrower pays off the loan before maturity and the recouping of those fees is not a violation of the *Federal Credit Union Act's* prohibition on early payment penalties. Specific fees waived, which are subject to being recouped, and the dollar amount of each waived fee should be indicated clearly in loan documentation.

National Credit Union Administration

Regional Offices



Region I — Albany

9 Washington Square
Washington Avenue Extension
Albany, NY 12205
Telephone: 518-862-7400
Fax: 518-862-7420
region1@ncua.gov

Region II — Capital

1775 Duke Street, Suite 4206
Alexandria, VA 22314-3437
Telephone: 703-519-4600
Fax: 703-519-4620
region2@ncua.gov

Region III — Atlanta

7000 Central Parkway
Suite 1600
Atlanta, GA 30328
Telephone: 678-443-3000
Fax: 678-443-3020
region3@ncua.gov

Region IV — Austin

4807 Spicewood Springs Road,
Suite 5200
Austin, TX 78759-8490
Telephone: 512-342-5600
Fax: 512-342-5620
region4@ncua.gov

Region V — Tempe

1230 West Washington Street,
Suite 301
Tempe, AZ 85281
Telephone: 602-302-6000
Fax: 602-302-6024
region5@ncua.gov

Asset Management and Assistance Center

4807 Spicewood Springs Road,
Suite 5100
Austin, TX 78759-8490
Telephone: 512-231-7900
Fax: 512-231-7920
amacmail@ncua.gov

NCUA's regional directors

Regional directors say hello to credit union officials at the reception NCUA hosted at the CUNA Governmental Affairs Conference February 23 in Washington, D.C.



Region I Director Mark A. Treichel faces the camera.



Region II Director Edward P. Dupcak is on the left.



Region III Director Alonzo A. Swann III is on the right



Region IV Director Jane A. Walters



Region V Director Melinda Love

NCUA Board addresses CUNA governmental affairs conference

Vice Chair Johnson encourages CU officials to become visionaries

Vice Chair JoAnn Johnson told the CUNA Governmental Affairs Conference participants that while America's credit unions have long been involved in financial education initiatives she encouraged credit unions leaders to continue their good work with innovation and vision for the future.

"Vision is that ingredient which expands thinking, reaches for new and innovative ways to reach out to members and plans for the inevitable and the unforeseen," Johnson said. "Your credit union is where it is today due to someone's vision. Preparing for the future and continuing to provide vibrant leadership will require vision on the part of all management and staff."

As a member of the new Financial Literacy and Education Commission, required by statute and signed into law by President Bush to promote financial education and improve the financial literacy of all Americans, Johnson noted credit unions have developed some of the most innovative financial education programs in the marketplace. Providing members with the tools to make wise financial choices stems from educating individuals on what those choices are, and more importantly what those choices mean, she said.

Illustrating the need for financial education, Johnson noted that personal savings dropped to 2 percent of disposable income in 2003, down from 7.7 percent in 1992. Personal bankruptcy continues to expand, with the biggest increases seen among younger borrowers. More than 20 percent of teenagers have credit cards, and statistics indicate indi-

viduals under 25 are the fastest growing group filing bankruptcy.

"Credit unions have traditionally considered financial education to be part of their social mission and are well positioned to offer that necessary education. Clearly, education will help to guide sound financial decisions," Johnson said. "As part of the Access Across America initiative, NCUA will continue to encourage credit union participation in developing financial education programs that instill the values of having a solid financial foundation... The more people know about credit and financial services, the more likely they are to increase sav-

ings, become homeowners and improve their financial health and well-being.

"I especially encourage low-income designated credit unions to consider developing financial education programs, accessing the technical assistance grants NCUA has available for such efforts. Knowledge and communication of financial services through financial education will give members the power to make choices in their lives to strengthen themselves, their families and their communities," Johnson said.

In closing, she challenged credit union officials to ask themselves—"Where do you go from here?" While planning for the future can be arduous, it is an exciting task. Johnson promised to continue to work for a regulatory environment founded on safety and soundness and to continue to provide earned flexibility. She also encouraged credit union leaders to consider today who will lead their credit union in the future.



Washington, D. C., Feb. 24, 2004 — NCUA Board Member JoAnn Johnson with House Financial Services Committee Chairman Mike Oxley (R, Ohio).

NCUA Board addresses CUNA governmental affairs conference

Matz unveils PALS Best Practices website

NCUA Board Member Debbie Matz unveiled a PALS Best Practices website designed to help more credit unions share innovative programs that attract new members.

“PALS best practices have inspired credit union leaders to offer innovative programs they may not have considered before – programs that have proven effective in reaching the people who need credit unions the most,” Matz told CUNA conference participants February 24. “As you explore this new website, I hope it will motivate you to contact your peers – and I hope they

will inspire you to give their programs a try.”

From NCUA’s home page, www.ncua.gov, click PALS, then click Best Practices. Over 300 best practices, from nearly 200 credit unions, are organized into more than 50 program areas. Each area lists credit unions that sent descriptions of their successful, innovative programs. From the description area, viewers can access the credit union e-mail and telephone number. Viewers can also access each credit union’s charter number to find the credit union’s asset size, number of

members and peer group to compare its resources to their own.

“There is no limit on new ideas,” Matz said, encouraging credit union officials to add their programs to the site. “I want to give everyone an opportunity to gain recognition for their good work and to share with other credit union leaders. As long as credit unions continue to offer innovative ways to reach new members, we will continue to add new programs.”

To add programs to the site, credit union officials can e-mail the following information to

BoardMember.Matz@ncua.gov:

- 1) Name of the credit union
- 2) Name of each innovative program
- 3) Brief description of each program
- 4) Contact person for each program
- 5) Contact person’s phone number

Matz’s ultimate vision is “to make it possible for all credit unions to benefit from the networking opportunities that PALS has to offer. It’s a wonderful experience to see credit unions’ cooperative spirit come alive at PALS workshops. I believe that spirit can reach even more credit unions with the connections available through our new Best Practices website.” The adjoining page illustrates the PALS Best Practices website <http://www.ncua.gov/PALS/BP/bestpractices.htm>.

continued on page 9



Photo by CUNA photographer Roger Napiwocki

Washington, D. C., Feb. 23, 2004 — Deborah Matz, NCUA and Neighborhood Reinvestment Corp. board member, and Kenneth Wade, (left) Neighborhood Reinvestment executive director, present Dan Egan, New Hampshire, Massachusetts and Rhode Island CU League president, with an award recognizing the efforts of the New Hampshire league and credit unions in helping low- and moderate-income first-time homebuyers achieve the dream of homeownership.

Sign up for the March MBL workshop

Seating is still available for the next free PALS workshop on member business lending scheduled March 25 in San Francisco. To view the agenda, register for the workshop and reserve a hotel room using NCUA’s group rate, visit www.ncua.gov, click PALS, then click Schedule.

About investments

Reach out or stay short?

Goldie Locks faced the problem of finding porridge that was not too hot, not too cold, but just right. That problem



faces portfolio managers today in trying to get the maturity mix just right. We've all heard the old adage "Safety, Liquidity and Yield, in that order." After assessing credit risk and ensuring investment holdings are sufficiently marketable, portfolio managers try to ensure the yield provides enough sustenance not to starve without taking on price risk that might burn them.

At the beginning of March, the overnight rate was about 1 percent. Keeping all investments short might be a little too cold and starve earnings. Extending a bit will warm up the yield, but also increase risk. The current 3-year Treasury yield is a little warmer at about 2 1/4 percent. The Treasury forward curve indicates the 3-year yield could be about 3 percent at

year-end 2004 and almost 4 percent by year-end 2005.

The Treasury forward curve also indicates a rise in the 10-year yield to about 4 1/2 percent by year-end 2004—yet this modest yield increase would result in a price decline of about 4 percent. A chief global strategist at a primary dealer thinks 10-year yields could go as high as 5 1/2 percent by the end of the year, up markedly from the current level of a little over 4 percent. A yield increase of 1 1/2 percent would cause a price decline of over 10 percent by year-end 2004. In light of a credit union's overall balance sheet exposure to interest rates, this investment might be a little too hot.

While Goldie Locks had three choices, portfolio managers have many more. The forward curve indicates rates could rise. This suggests a cautious approach to extending maturities is warranted. Like Goldie Locks, portfolio managers must be careful and outsmart the bear.

Lending outpaces saving

continued from page 1

a fast pace. First mortgage loans grew 16.6 percent to \$117.48 billion, and used auto loans grew 11.5 percent to \$80.49 billion. New auto loans increased 4.3 percent reaching \$63.08 billion by year end, and other types of real estate loans grew 7.8 percent to \$50.06 billion. Showing significant growth, member business loans increased 47.7 percent, from \$6.67 to \$8.87 billion in 2003.


The number of credit union members grew 1.8 percent during 2003, from 80.9 to 82.4 million people, while the number of potential members increased 20.7 percent, from 597.6 to 721.3 million people.

A new call report category capturing branching data indicates there are 18,780 federally insured credit union branches, and 1,133 federally insured credit unions reported participation in shared branches at year-end 2003.

The 2003 year-end statistics are available on the NCUA website at <http://www.ncua.gov/data/FOIA/foia.html>.

Matz unveils PALS Best Practices website

continued from page 8

Best Practices



[PALS Home](#) | [Schedule & Invitation](#) | [Event Registration](#) | [Workshop Presentations](#) | [Best Practices](#) | [NeighborWorks® Partnerships](#)

Community Partnerships <ul style="list-style-type: none"> Charitable Donations Economic Development Mortgages and Wealth-Building Youth / Seniors Programs 	Financial Education <ul style="list-style-type: none"> Education Partnerships Member Counseling In-School Branches Online Training Workshops Youth Programs 	Member Services <ul style="list-style-type: none"> Account Access Auto Brokerages Electronic Innovations Indirect Lending Investment Insurance Loan Programs Networking Seniors Programs
Credit Unions Helping Credit Unions <ul style="list-style-type: none"> Equipment Donations Human Resource Sharing Mentoring Shared Service Facilities Technology 	Latino Outreach <ul style="list-style-type: none"> Financial Literacy Programs International Remittances Latino Partnerships Marketing to Latinos New Accounts 	Mortgages and Wealth-Building <ul style="list-style-type: none"> First-Time Homebuyers Individual Development Accounts (IDAs) Mortgage CUSOs Non-Conforming Mortgages Participation Loans Special Mortgage Pricing Special Savings Programs
Credit Union Service Organizations (CUSOs) <ul style="list-style-type: none"> ATMs Auto Lending Investments / Insurance Member Business Lending Mortgages 	Member Business Lending <ul style="list-style-type: none"> Agricultural Loans MBL CUSOs Micro-Enterprise Loans Participation Loans SBA Loans 	Predatory Lending Alternatives <ul style="list-style-type: none"> Anti-Predatory Loan Programs Risk-Based Lending Volunteer Income Tax Assistance (VITA)
	Member Outreach <ul style="list-style-type: none"> Marketing Mobile Branches Multicultural Approaches Non-Traditional Branches 	

\$1 million available for “TAG” grants

NCUA has \$1 million available for technical assistance grants, or “TAG” grants, for low-income designated credit unions being offered through the agency’s Community Development Revolving Loan Fund (CDRLF) program thanks to recent congressional action.

Historically, TAG grant funding was limited to the interest earned on outstanding CDRLF loans, providing a very limited pool of resources from which to fund the grants. In 2002 and 2003 approximately \$1.6 million in requests were turned down primarily due to insufficient funding for the grant program. Based on this demonstrated need, Congress has appropriated \$1 million to fund the CDRLF technical assistance grant program this year.

NCUA has earmarked \$75,000 of the designated funds for the 2004 Student Internship Program and another \$75,000 for the Volunteer Income Tax Assistance Program based on the agency’s experience and the positive feedback NCUA re-

ceived from credit unions for the need to continue to support these vital programs.

“2004 will provide the best opportunity in recent years for low-income credit unions to obtain needed technical assistance,” said Chairman Dollar. “I want to urge eligible credit unions to make application for these TAG grants. We want to demonstrate to Congress that their faith in this program is justified, and that these grants can make a real difference in extending lower-cost credit union services to more low-income neighborhoods.”

The funding objectives of the TAG Program remain as follows:

- 1) **Urgent operational objectives** — Assistance to ensure continued credit union operations when steps are taken to address issues of concern and financial needs. For example, audits, updating records, delinquent loan collection, etc.
- 2) **Short- and mid-term developmental projects** — Assistance needed to further expand the capability of the credit union to better serve its members. For example, training, strategic planning and consulting services for new products.

3) **Long-term developmental projects**

— Assistance that may result in long term benefits to the credit union and the community it serves. For example, assistance that targets developing and implementing automated banking systems and on-going financial education programs.

Dollar said low-income designated credit unions can apply for the TAG grants through NCUA’s Office of Credit Union Development, and the \$1 million must, by statute, be allocated during fiscal year 2004, which ends September 30.

The program evaluation criterion continues to focus on improving the long-term financial health and stability of credit unions and increasing service to members. Grants are not provided for recurring operational expenses like salaries and other general day-to-day costs.

Application packages must include the basic technical assistance application and detailed narrative explanations. Application packages are available on the NCUA website at <http://www.ncua.gov/org/orgchart/ocud/programs.html>.

NATIONAL CREDIT UNION ADMINISTRATION
NCUA News

National Credit Union
Administration
1775 Duke Street
Alexandria, VA 22314-3428

PRESORTED
FIRST CLASS MAIL
POSTAGE AND FEES PAID
NCUA
PERMIT No. G-88